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Idaho foreclosures down from February, up 85% from year ago

Nationwide the trend is still negative; inventories of new homes in Ada and Canyon counties are slowly declining.

The number of Idaho homes in foreclosure in March was down 15 percent from the previous month, raising hopes that defaults may be ebbing.

RealtyTrac Inc., an Irvine, Calif., company that tracks the number of foreclosures nationwide, reported Tuesday that there were filings against 657 Idaho properties in March. While down from February, that's still 85 percent ahead of the comparable month a year ago.

A separate report last week said Idaho homes in foreclosure are now reaching the auction stage in massive numbers. But auctions by trustees follow initial foreclosure filings by several months, and as the number of foreclosures declines, the number of trustee sales is expected to follow suit.

The decline is most noticeable in the Treasure Valley. Ada County had 226 foreclosure filings in March, a 21 percent drop from 286 in February. Canyon County had 162 filings, down 24 percent from 212.

"It could be a sign that we could be getting close to the bottom," said RealtyTrac spokesman Daren Bloomquist. "But it's hard to tell after just one month."

Nationwide, the trend is still negative. RealtyTrac said 234,685 properties were in some stage of foreclosure in March, a 5 percent increase from the previous month and 57 percent higher than March 2007.

Idaho's foreclosure problem is being driven by subprime mortgages made at the height of the Treasure Valley building boom, said Marc Lebowitz, executive director of the Ada County Association of Realtors.

Research by the National Association of Realtors shows that the foreclosure inventory in Idaho for prime mortgages moved from 0.34 percent of all loans in the third quarter of 2007 to 0.42 percent in the fourth quarter, Lebowitz said. For subprime mortgages, foreclosure inventories increased from 3.78 percent to 5.08 percent of all loans serviced in the state.

Ed Caron, president of Boise River Properties, a local real estate brokerage, expects to see fewer foreclosures now that the boom is over and buyers are not being encouraged to use exotic financing to buy more house than they can afford.

Caron blamed the foreclosure boom on lax lending practices and individual buyers and investors who used 100 percent financing to buy homes that were anywhere from \$110,000 to \$200,000 more than they could afford.

"Houses in the \$250,000 range are moving," Caron said. "And we're talking with banks who work with developers, and they will finance houses in that range. And when you consider that the average two-income family in the Valley is \$56,000, \$250,000 is what they can afford."

He said the idea that there are "super bargains" to be had at auction sales is "non-existent." A bank with a home with an assessed value higher than the amount owed on the property will take the property back and hope to get most of its money back when the market ultimately rebounds, he said.

GOOD NEWS FOR SELLERS: NEW-HOME SUPPLY FALLS

Shaun Tracy, an associate Realtor with Re/Max Capital City said the number of newly constructed homes for sale in Ada County has fallen from 1,594 on Feb. 6 to 1,252 as of Monday.

"That's good for the (overall) inventory of new homes because builders are not adding to that number," Tracy said. "As long as they don't do that, then it (the inventory) should eventually come back into balance."

The same is true in Canyon County, where the number of new homes on the market has fallen from 713 on February 8 to 633 on Monday, Tracy said.

"The numbers are decreasing," Tracy said. "Not by leaps and bounds, but they are decreasing."